



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

16

Acting Director
Division of Grants and Procurement Management

NOV 13 1974

Acting Director
Division of Regional Medical Programs

Proposed Study of Decentralized Programs

Many of the topics which we regard as potential problems resulting from phase out of DRMP were presented in the October 7, 1974 memorandum from the Acting Chief, Grants Management, DRMP. Listed below are others you may wish to include in the list.

- o Disposition of equipment - particularly that owned by non-profit corporations which terminate.
- o Disposition of records maintained by non-profit corporations which terminate.
- o Maximum termination date for all project activities will have to be established.
- o Establish date beyond which no new commitments may be made.
- o Determine personnel to be retained at non-profit grantee to conduct fiscal and accounting responsibilities in phasing out projects.
- o How will final Report of Expenditures be assured from non-profit corporation which terminates before projects?
- o Adequate notice must be given to grantees and affiliates concerning maximum termination dates. This is extremely important in respect to non-profit corporations that will phase out. Some states require six months notice for non-profit corporations to dissolve.
- o Phase out plans must be submitted, reviewed, and approved.
- o Appropriate staff must be designated at Regional Offices and headquarters to accommodate the phase out and transition.

TSimonds:drp:11/11/74

bcc:

TSimonds

GTGardell

GM Desk Board

G. T. Gardell

FILE
COPY

OFFICE	SURNAME	DATE	OFFICE	SURNAME	DATE	OFFICE	SURNAME	DATE
GM	Lemond	11/12						
GM	Quigley	11/12						

MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
PUBLIC HEALTH SERVICE
HEALTH RESOURCES ADMINISTRATION
OFFICE OF THE ADMINISTRATOR

TO : Directors, BHRD, DCHP, DFU, and DRMP

DATE: OCT 29 1974

FROM : Acting Director, Division of Grants and
Procurement Management, HRA

SUBJECT: Proposed Study of Decentralized Programs

As you know, legislation pending before Congress will change the present structural and operational patterns in the Division of Comprehensive Health Planning, Division of Facilities Utilization, and the Division of Regional Medical Programs, and will create new grant and contract relationships with the Regional Offices. In addition, the statutory authorities in a number of programs in the Bureau of Health Resources Development expired on June 30 and some of these are not expected to be renewed.

In view of the HRA programs which are decentralized to the Regional Offices and the number of awards which will terminate during the coming fiscal years as a result of expired legislative authorization, HRA's Office of Operations and Management has suggested to the Director, Office of Administrative Management, PHS, that his staff undertake a study of grant and contract closeout-related procedures of decentralized HRA programs. Assurances are needed that there will be a smooth transition into the new programs established by enactment of the new legislation, and that residual programs without further legislative authorization will be terminated with the interest of the Government adequately protected.

Questions such as the following need to be addressed and the problems identified:

1. Who will closeout the still viable decentralized grants and contracts after the dissolution of DCHP, DFU, and DRMP?
2. What will be the monitoring procedure to ensure that still delinquent aspects at closeout time are effectively resolved and/or concluded?
3. Who will provide the grantee whatever assistance is necessary in meeting all the closeout requirements?

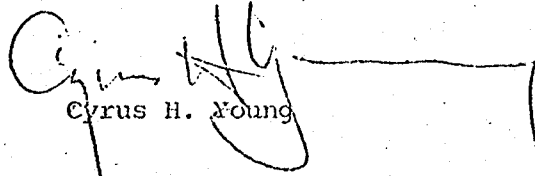
These are only a few of the questions that should be raised in determining the extent of the problems that will confront us. I feel certain that, from your operational vantage point, you and your staff can think of other

Directors, BHRD, DCMP, DEU, and DIRM

2

Since HRA would be very interested in the findings of the proposed study, you are requested to provide this office with a listing of potential closeout-related problems germane to your decentralized programs. The staff of DGPM will make this information available to PHS.

We need to respond to PHS as soon as possible and request that DGPM be provided with your input by November 11. If you have any questions, please contact me on code 153, extension 31428.


Cyrus H. Young

cc: Dr. Daniel Whiteside

MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
PUBLIC HEALTH SERVICE
HEALTH RESOURCES ADMINISTRATION
BUREAU OF HEALTH RESOURCES DEVELOPMENT

DATE: October 7, 1974

TO : Acting Deputy Director
Division of Regional Medical Programs

FROM : Acting Chief
Grants Management

SUBJECT: Record of Meeting Concerning RMP Phase Out, Friday October 4, 3-5:00 p.m.

ATTENDEES: Mr. Tony Garrick - HRA, Grants and Contracts
Mr. Joe Amoroso - HRA, Grants and Contracts
Mr. Ted Moore - H, Grants and Contracts
Ms. Marsha Dungan - CHP
G. Lee Teets - DRMP, Grants Management

The announced purpose of this meeting was to help Mr. Ted Moore identify the problems involved in the granting programs phase out. He has the specific task to: "Assess Problems Involved in Phase Out and Take Action As Necessary."

Apparently, Mr. Moore's charge and this meeting emanate from a series of memoranda related to FY 1975 Work Plans. Attached are copies of all three memoranda. There was, from the outset, quite a bit of confusion due to a lack of a mutual understanding of the words "phase out", "termination", and "close-out." Having finally decided that adequate instructions exist with regard to grant terminations and close-out, the focus of this meeting became that of relating to problems attendant to phase out.

The following problem areas were identified by the under signed to further the purpose of this meeting and for subsequent appropriate action by the Offices of Grants and Contracts at both the H and HRA levels:

- RMP Program Staffs terminate June 30, 1975 but some Projects will perhaps continue on to June 30, 1976.
- DHEW policy allows transfer of title and accountability of equipment from Grantees to Affiliated Institutions upon completion of RMP funding.
- Direct linkage must be established between Affiliated Institutions and whatever segment of the Federal government ultimately becomes responsible for programmatic and fiscal monitoring and surveillance of Projects upon the demise of the Program Staffs of the RMPs.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Page 2 - Acting Deputy Director

- o Obligation/De-Obligation of funds grantee awarded for project activities may become a problem in the establishment of responsibility linkages.
- o Reports of Expenditures (ROEs) and Summary Reports of Expenditures (SROEs) will have to be processed.
- o Severance Pay policy must be announced - not as to its allowability as a direct cost - but as to the last date when a program is phasing out such a policy can be developed.
- o Contingency funding must be allowed in grant programs which are phasing out to accommodate costs related to breaking leases, paying of severance pay, etc. (OMB Circular A-21 prohibits contingency funds). Source of funds to accommodate such costs at the Federal level should be determined when contingency funds are not allowed.
- o Pay systems must be carefully analyzed and appropriate procedures established to provide continuity of reimbursement.
- o Policies and procedures need be developed for programs which are phasing out related to funding determinations and allocations. Phasing out programs do not have the ability to meet indirect cost needs subsequent to the final allocation of available funds. RFP response to this problem was to move to a system of allocating total funds to accommodate both direct and indirect requirements.
- o Administrative funding adjustments in a phasing out program cannot be made since there are no more funds available. Sources of Federal funding need be explored and identified.

Mr. Moore stated that he felt that this meeting was helpful in that it provided a means of drawing up a "laundry list" of problems which he can assess and perhaps provide HRA and its granting programs some assistance in solving. Further, he indicated that perhaps another meeting or so would be required prior to his being able to offer any definitive solution to the problems. No date was set for the next meeting.

I explained to Mr. Moore that I was willing to attend further meetings and provide him whatever assistance I could in the development of a "laundry list." However, I explained to him that Dr. Pahl, on

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Page 3 - Acting Deputy Director

September 9, 1974 had asked all DHEP staff members to request that "Requests for Information" be submitted in writing to or through the Director's office.

Director
G. Lee Teets

cc: 100-111111 Work Force
Attendees
Judy Silsbee
GH Staff

GLTeets:dp:10/7/74
XXXX
My office initiated a program of studies of the
and health programs within the Public Health
and health are of interest (1) a review of a bureau
within certain grant and/or contract programs,
and health procedures used across or region-
and/or (2) front end studies
procedures, etc.).

It is the policy of the Department of Health, Education and Welfare to
by July 15 or earlier for
possible inclusion in the
is appreciated.

John G. Brooke

PHS Agency Heads
PHS Regional Health Administrators

JUL 1 1974

Director
Office of Administrative Management

Fiscal Year 1975 Work Plan

In fiscal year 1974 my office initiated a program of studies of the management of grant and contract programs within the Public Health Service. These studies are of two types: (1) a review of a bureau or program activity's conduct of its grant and/or contract program, or (2) the review of policies or procedures used agency or region-wide in the implementation of contract and/or grant activities (e.g., site assessments, study section procedures, etc.).

We are now in the process of formalizing our fiscal year 1975 work plan. I would appreciate receiving by July 15 suggestions for studies in your agency or region for possible inclusion in the plan. Your cooperation in this matter is appreciated.

John C. Droke

PUBLIC HEALTH SERVICE
HEALTH RESOURCES ADMINISTRATION
OFFICE OF THE ADMINISTRATOR

Director, Office of Administrative
Management/PHS

DATE: July 10, 1974

FROM : Acting Associate Administrator for Operations and Management

SUBJECT: Fiscal Year 1975 Work Plan

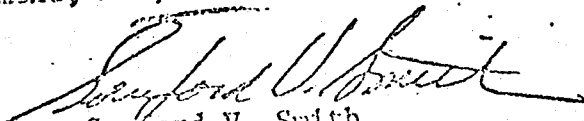
In response to your memorandum of July 1, 1974, on the FY 1975 work plan, we suggest a study on grant and contract closeout procedures of HRA programs, including the decentralized programs.

In view of the number of HRA programs which are decentralized to the regional offices, and the number of awards which will terminate during this fiscal year and next as a result of expired legislative authorization, it will be valuable to assess the application and effectiveness of the procedures in order to assure ourselves of good management of the closeout of the grants and contracts, to ensure that the interests of the Government are adequately protected, and that there will be a smooth transition into the new programs that will be established upon the enactment of new legislation. Departmental policy on closeout of awards was issued at least 3 years ago through Chapter 1-452 of the Grants Administrative Manual.

Such a review should prove valuable also in determining the extent of the knowledge of regional grant and contract management personnel in this area and to help develop training programs for the new personnel in this field.

The experience of such a study would redound to the benefit of other PHS programs.

You may discuss this further with Cy Young, Director of the Office of Grants and Procurement Management, HRA, 443-1428.


Sanford V. Smith

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Associate Administrator
for Operations and Management, HRA/PHS

SEP 30 1974

Director
Office of Administrative Management

Fiscal Year 1975 Work Plan

We have received and reviewed your suggestion for inclusion in the OAM Fiscal Year Work Plan for the study of the management of grant and contract programs in PHS.

The OAM has been aware of a number of problems regarding contract closeout procedures and is currently working with the Audit Agency to overcome the problems. Our staff is not aware of any problems with grant closeouts; therefore, they will meet with Mr. Cyrus Young to discuss the problem further.

Your suggestion is appreciated, and I can assure you that it will receive every consideration for inclusion in the Fiscal Year 1975 Work Plan.

John C. Broke

cc:
OAM, Room 17-25, Parklawn Bldg.
ORM, Room 18-07, Parklawn Bldg.
DGC, Room 18A-19, Parklawn Bldg.

GMB:TROUMEL:ct:9/12/74

MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
PUBLIC HEALTH SERVICE
HEALTH RESOURCES ADMINISTRATION
OFFICE OF THE ADMINISTRATOR

TO : Directors, BHRD, DCHP, DFU, and DRMP

DATE: OCT 29 1974

FROM : Acting Director, Division of Grants and
Procurement Management, HRA

SUBJECT: Proposed Study of Decentralized Programs

As you know, legislation pending before Congress will change the present structural and operational patterns in the Division of Comprehensive Health Planning, Division of Facilities Utilization, and the Division of Regional Medical Programs, and will create new grant and contract relationships with the Regional Offices. In addition, the statutory authorities in a number of programs in the Bureau of Health Resources Development expired on June 30 and some of these are not expected to be renewed.

In view of the HRA programs which are decentralized to the Regional Offices and the number of awards which will terminate during the coming fiscal years as a result of expired legislative authorization, HRA's Office of Operations and Management has suggested to the Director, Office of Administrative Management, PHS, that his staff undertake a study of grant and contract closeout-related procedures of decentralized HRA programs. Assurances are needed that there will be a smooth transition into the new programs established by enactment of the new legislation, and that residual programs without further legislative authorization will be terminated with the interest of the Government adequately protected.

Questions such as the following need to be addressed and the problems identified:

1. Who will closeout the still viable decentralized grants and contracts after the dissolution of DCHP, DFU, and DRMP?
2. What will be the monitoring procedure to ensure that still delinquent aspects at closeout time are effectively resolved and/or concluded?
3. Who will provide the grantee whatever assistance is necessary in meeting all the closeout requirements?

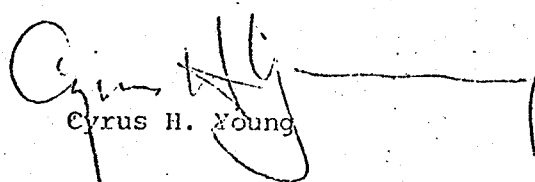
These are only a few of the questions that should be raised in determining the extent of the problems that will confront us. I feel certain that, from your operational vantage point, you and your staff can think of other

Directors, BHRD, DCHP, DFO, and DRMP

2

Since HRA would be very interested in the findings of the proposed study, you are requested to provide this office with a ~~summary of potential~~
~~about-related problems germane to your department programs.~~ The staff of DGPM will make this information available to PHS.

We need to respond to PHS as soon as possible and request that DGPM be provided with your input by November 11. If you have any questions, please contact me on code 153, extension 31428.


Cyrus H. Young

cc: Dr. Daniel Whiteside

MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
PUBLIC HEALTH SERVICE
HEALTH RESOURCES ADMINISTRATION
BUREAU OF HEALTH RESOURCES DEVELOPMENT

DATE: October 7, 1974

TO : Acting Deputy Director
Division of Regional Medical Programs

FROM : Acting Chief
Grants Management

SUBJECT: Record of Meeting Concerning RMP Phase Out, Friday October 4, 3-5:00 p.m.

ATTENDEES: Mr. Tony Garrick - HRA, Grants and Contracts
Mr. Joe Amoroso - HRA, Grants and Contracts
Mr. Ted Moore - H, Grants and Contracts
Ms. Marsha Dungan - CHP
G. Lee Teets - DRMP, Grants Management

The announced purpose of this meeting was to help Mr. Ted Moore identify the problems involved in the granting programs phase out. He has the specific task to: "Assess Problems Involved in Phase Out and Take Action As Necessary."

Apparently, Mr. Moore's charge and this meeting emanate from a series of memoranda related to FY 1975 Work Plans. Attached are copies of all three memoranda. There was, from the outset, quite a bit of confusion due to a lack of a mutual understanding of the words "phase out", "termination", and "close-out." Having finally decided that adequate instructions exist with regard to grant terminations and close-out, the focus of this meeting became that of relating to problems attendant to phase out.

The following problem areas were identified by the under signed to further the purpose of this meeting and for subsequent appropriate action by the Offices of Grants and Contracts at both the H and HRA levels:

- RMP Program Staffs terminate June 30, 1975 but some Projects will perhaps continue on to June 30, 1976.
- DHEW policy allows transfer of title and accountability of equipment from Grantees to Affiliated Institutions upon completion of RMP funding.
- Direct linkage must be established between Affiliated Institutions and whatever segment of the Federal government ultimately becomes responsible for programmatic and fiscal monitoring and surveillance of Projects upon the demise of the Program Staffs of the RMPs.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Page 2 - Acting Deputy Director

- o Obligation/De-Obligation of funds grantees awarded for project activities may become a problem in the establishment of responsibility linkages.
- o Reports of Expenditures (ROEs) and Summary Reports of Expenditures (SROEs) will have to be processed.
- o Severance Pay policy must be announced - not as to its allowability as a direct cost - but as to the last date when a program is phasing out such a policy can be developed.
- o Contingency funding must be allowed in grant programs which are phasing out to accommodate costs related to breaking leases, paying of severance pay, etc. (OMB Circular A-21 prohibits contingency funds). Source of funds to accommodate such costs at the Federal level should be determined when contingency funds are not allowed.
- o Pay systems must be carefully analyzed and appropriate procedures established to provide continuity of reimbursement.
- o Policies and procedures need be developed for programs which are phasing out related to funding determinations and allocations. Phasing out programs do not have the ability to meet indirect cost needs subsequent to the final allocation of available funds. RFP response to this problem was to move to a system of allocating total funds to accommodate both direct and indirect requirements.
- o Administrative funding adjustments in a phasing out program cannot be made since there are no more funds available. Sources of Federal funding need be explored and identified.

Mr. Moore stated that he felt that this meeting was helpful in that it provided a means of drawing up a "laundry list" of problems which he can assess and perhaps provide HRA and its granting programs some assistance in solving. Further, he indicated that perhaps another meeting or so would be required prior to his being able to offer any definitive solution to the problems. No date was set for the next meeting.

I explained to Mr. Moore that I was willing to attend further meetings and provide him whatever assistance I could in the development of a "laundry list." However, I explained to him that Dr. Pahl, on

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Page 3 - Acting Deputy Director

September 9, 1974 had asked all DRMP staff members to request that "Requests for Information" be submitted in writing to or through the Director's office.

Director

G. Lee Teets

cc:

Attendees

Judy Silsbee

GH Staff

GLTeets:dp:10/7/74

XXXX

We are in the process of finalizing our fiscal year 1975 work plan. It is anticipated that by July 15 suggestions for possible inclusion in the plan. Your cooperation in this matter is appreciated.

John G. Burke

PHS Agency Heads
PHS Regional Health Administrators

JUL 1 1974

Director
Office of Administrative Management

Fiscal Year 1975 Work Plan

In fiscal year 1974 my office initiated a program of studies of the management of grant and contract programs within the Public Health Service. These studies are of two types: (1) a review of a bureau or program activity's conduct of its grant and/or contract program, or (2) the review of policies or procedures used agency or region-wide in the implementation of contract and/or grant activities (e.g., site assessments, study section procedures, etc.).

We are now in the process of formalizing our fiscal year 1975 work plan. I would appreciate receiving by July 15 suggestions for studies in your agency or region for possible inclusion in the plan. Your cooperation in this matter is appreciated.

John C. Droke

PUBLIC HEALTH SERVICE
HEALTH RESOURCES ADMINISTRATION
OFFICE OF THE ADMINISTRATOR

Director, Office of Administrative
Management/PHS

DATE: July 10, 1974

TO : Acting Associate Administrator for Operations and Management

SUBJECT: Fiscal Year 1975 Work Plan

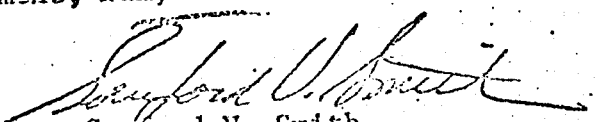
In response to your memorandum of July 1, 1974, on the FY 1975 work plan, we suggest a study on grant and contract closeout procedures of HRA programs, including the decentralized programs.

In view of the number of HRA programs which are decentralized to the regional offices, and the number of awards which will terminate during this fiscal year and next as a result of expired legislative authorization, it will be valuable to assess the application and effectiveness of the procedures in order to assure ourselves of good management of the closeout of the grants and contracts, to ensure that the interests of the Government are adequately protected, and that there will be a smooth transition into the new programs that will be established upon the enactment of new legislation. Departmental policy on closeout of awards was issued at least 3 years ago through Chapter 1-432 of the Grants Administration Manual.

Such a review should prove valuable also in determining the extent of the knowledge of regional grant and contract management personnel in this area and to help develop training programs for the new personnel in this field.

The experience of such a study would redound to the benefit of other PHS programs.

You may discuss this further with Cy Young, Director of the Office of Grants and Procurement Management, HRA, 443-1428.


Sanford V. Smith

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Associate Administrator
for Operations and Management, HRA/PHS

SEP 30 1974

Director
Office of Administrative Management

Fiscal Year 1975 Work Plan

We have received and reviewed your suggestion for inclusion in the OAM Fiscal Year Work Plan for the study of the management of grant and contract programs in PHS.

The OAM has been aware of a number of problems regarding contract closeout procedures and is currently working with the Audit Agency to overcome the problems. Our staff is not aware of any problems with grant closeouts; therefore, they will meet with Mr. Cyrus Young to discuss the problem further.

Your suggestion is appreciated, and I can assure you that it will receive every consideration for inclusion in the Fiscal Year 1975 Work Plan.

John C. Broke

cc:
OAM, Room 17-25, Parklawn Bldg.
ORM, Room 18-07, Parklawn Bldg.
DGC, Room 18A-19, Parklawn Bldg.

GMB:TROUMEL:ct:9/12/74